

**UNITED
CAROLINA
BANK**

ucb

RECORDATION NO

13787 FILED 1425

MAY 11 1990 -4 05 PM

INTERSTATE COMMERCE COMMISSION

June 7, 1990

Interstate Commerce Commission
12th and Constitution NW
Washington, DC 20423

0-162A075

Attention: Mrs. Mildred Lee
Room 2303

RE: Laurinburg & Southern RR
Recordation #13787
September 7, 1982 2:55 PM

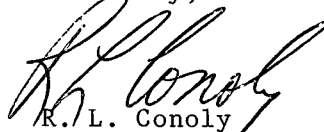
Dear Mrs. Lee:

This is to certify that the debt for the above named and recordation number has been paid in full. Please release this recordation and submit evidence of release.

Enclosed is our Cashier Check #1159448 for \$15.00 for release fees.

Thank you for your assistance with this matter.

Sincerely,



R.L. Conoly
City Executive and
Senior Vice President

North Carolina
Hoke County

I, Salomee P. Lynch, a Notary Public, do hereby certify that R.L. Conoly, City Executive and Sr. Vice Pres. of United Carolina Bank, personally appeared before me and acknowledged the due execution of the foregoing document.

Witness my hand and notarial seal, this 7 day of June, 1990.

My Commission Expires: 8/24/92

Salomee P. Lynch
Notary Public

Interstate Commerce Commission
Washington, D.C. 20423

6/28/90

OFFICE OF THE SECRETARY

R.L. Conoly
United Carolina Bank
P.O.Box. 548
Raeford, N.C. 28376

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/11/90 at 4:05pm and assigned recordation number(s). 13787-A

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

SEP 7 1982 - 2 11 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION
September 2 , 1982

LAURINBURG & SOUTHERN RAILROAD COMPANY, of Scotland County, North Carolina, whose address is P. O. Box 546, Laurinburg, North Carolina, hereinafter called "Debtor", for valuable consideration, receipt of which is hereby acknowledged, hereby grants to UNITED CAROLINA BANK, a North Carolina banking corporation with one of its principal offices in Raeford, North Carolina, hereinafter called "Secured Party", a security interest in, and mortgages to Secured Party, the following property and any and all additions, accessions thereto, or after acquired similar properties, hereinafter called the "Collateral", as follows:

- (a) Five (5) 100-ton, 3000 cu. ft. covered hopper cars, Serial Nos. LRS1051 through LRS1055 inclusive.
- (b) Five (5) 60-ft., 100-ton, 10 ft. wide, single door, end of car cushion boxcars, Serial Nos. LRS2001 through LRS2005 inclusive.
- (c) Fifteen (15) Gondola cars, 52 ft. 6 inches, A frame, Serial Nos. LRS3001, 3003, 3004, 3007, 3008, 3009, 3010, 3011, 3012, 3051, 3052, 3053, 3054, 3055 and 3056.

To secure payment of a debt of \$200,000 as evidenced by note of even date herewith or notes to be executed after the date hereof with reference to this Security Agreement as security therefor, such later advances and notes to refer to this Security Agreement by date and also any and all liabilities of Debtor to Secured Party under this Security Agreement or said notes or any renewals or extension thereof, all hereinafter called the "obligations", such notes to be issued within one year of the date hereof.

Debtor hereby warrants and covenants that the collateral is used for business purposes.

ADDITIONAL PROVISIONS:

This agreement is subject to the additional provisions as set forth on the reverse side hereof, the same being incorporated herein by reference.

Signed and delivered on the day and year first above written.

DEBTOR:

LAURINEBURG & SOUTHERN RAILROAD COMPANY

By 

President

ATTEST:


Assistant Secretary

ADDITIONAL PROVISIONS

Further warranties and covenants of debtor

Debtor hereby warrants and covenants that:

(a) Except for the security interest granted hereby Debtor is the owner of the collateral free from any adverse lien, security interest or encumbrance; and Debtor will defend the collateral against all claims and demands of all persons at any time claiming the same or any interest therein;

(b) No Financing Statement covering any collateral or any proceeds thereof is on file in any public office and at the request of Secured Party, Debtor will join with Secured Party in executing one or more Financing Statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party and will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable;

(c) Debtor will not sell or offer to sell or otherwise transfer the collateral or any interest therein without the written consent of Secured Party;

(d) Debtor will have and maintain insurance at all times with respect to all collateral against risks of fire (including so-called extended coverage), theft and such other risks as Secured Party may require, and in the case of motor vehicles, collision, containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Secured Party, such insurance to be payable to Secured Party and Debtor as their interests may appear; all policies of insurance shall provide for ten days' written minimum cancellation notice to Secured Party; Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions; and Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts;

(e) Debtor will keep the collateral free from any adverse lien, security interest or encumbrance and in good order and repair and will not waste or destroy the collateral or any part thereof; Debtor will not use the collateral in violation of any statute or ordinance; and Secured Party may examine and inspect the collateral at any time wherever located;

(f) Debtor will pay promptly when due all taxes and assessments upon the collateral or for its use or operation or upon this agreement or upon any note or notes evidencing the obligations.

Additional rights of parties

At its option, Secured party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the collateral, may pay for insurance on the collateral and may pay for the maintenance and preservation of the collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization. Until default Debtor may have possession of the collateral and use it in any lawful manner not inconsistent with this agreement and not inconsistent with any policy of insurance thereon.

Events of default

Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) Default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in any note evidencing the same;

(b) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proving to have been false in any material respect when made or furnished;

~~(c) Loss, theft, substantial damage, destruction, sale or encumbrance to or of any of the collateral, or the making of any levy, seizure or attachment thereof or thereon;~~

(d) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against, Debtor or any guarantor or surety for Debtor.

Remedies

Upon such default and at any time thereafter Secured Party may declare all obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the Uniform Commercial Code. Secured Party may require Debtor to assemble the collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale of any other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Debtor shown at the beginning of the agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses. The Secured Party may also have all rights and remedies specified in the note.

General

No waiver by Secured Party of any default shall operate as a waiver of any other default or of the same default on a future occasion. All right of Secured Party hereunder shall inure on a future occasion. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind his heirs, executors or administrators of his or its successors or assigns. If there be more than one Debtor, their obligations hereunder shall be joint and several. This agreement shall become effective when it is signed by Debtor.